

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
)
Rules and Policies on Foreign) IB Docket No. 97-142
Participation in the U.S.)
Telecommunications Market)
)

REPLY COMMENTS OF SPRINT

Sprint Communications Company, L.P. ("Sprint")
respectfully submits its reply comments in the above-
captioned proceeding.¹

The comments filed by the participants reflect vastly
different views on the Commission's ability to bar entry of
carriers from World Trade Organization (WTO) member
countries in the wake of the WTO Agreement on Basic
Telecommunications Services.² Sprint believes that the WTO
Agreement imposes significant constraints on the
Commission's ability to bar such entry. However, the exact
limits of these constraints - although defined by the
Commission in the first instance - are likely destined for
intergovernmental consultation and dispute resolution under
the WTO Agreement.

¹ See Order and Notice of Proposed Rulemaking, IB Docket No. 97-142,
released June 4, 1997 ("NPRM").

² Cf. Comments of AT&T Corp., Ameritech, U S West and WorldCom, Inc.
with Comments of Deutsche Telekom AG, GTE Service Corporation and
Kokusai Denshin Denwa Co. Ltd.

Sprint also wishes to clarify one aspect of its comments. Earlier, Sprint expressed concern over the Commission's statement that it might deny entry to foreign carriers based on national security, law enforcement, foreign policy, or trade concerns. This comment focused on the Commission's asserted ability to bar foreign carrier entry based on foreign policy or trade concerns rather than on national security or law enforcement concerns.

As the Comments of Deutsche Telekom AG observe at page 18, Article bis XIV of the General Agreement on Trade in Services (GATS) specifically provides an exception to GATS obligations for legitimate national security interests.³ Accordingly, the Commission can and should continue to consider such interests in its licensing processes, and should continue to seek guidance from appropriate executive agencies in these matters.⁴

Finally, Sprint wishes to reemphasize the concerns over inbound settlement bypass expressed in its comments. The issues raised in Sprint's comments were ignored or minimized

³ Article XIV bis (Security Exceptions) of the GATS provides, among other things, that "Nothing in this Agreement shall be construed ... to prevent any Member from taking any action which it considers necessary for the protection of its essential security interests:

(i) relating to the supply of services as carried out directly or indirectly for the purpose of provisioning a military establishment..."

⁴ See Comments of the Federal Bureau of Investigation and Comments of the Secretary of Defense.

by several commenters.⁵ Such arbitrage, which is the result of above-cost accounting rates, directly affects U.S. carriers' cost of service because of the diminution of the return traffic which they receive from a foreign country.

Sprint has observed sufficient instances of substantial and unexplained deviation of its return traffic from some foreign countries to know that inbound bypass issues are not an illusion. The Commission should not accept bland assurances that competition will immediately solve this particular problem, because competition is a long run solution: much mischief and detriment to the U.S. public interest can occur in the meantime.

Respectfully submitted,

Sprint Communications Com-
pany, L.P.

By:



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⁵ See, e.g., Comments of Frontier Corporation, Telefonica Internacional de Espana S.A., and Viatel, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **REPLY
COMMENTS** of Sprint Communications Company L.P. was sent by hand or by United States first-class mail, postage prepaid, on this the 12th day of August, 1997 to the parties on the attached list.


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